

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2786 - HB 3268

February 24, 2012

SUMMARY OF BILL: Prohibits students in the third grade from being promoted on the basis of their participation in an LEA approved, research-based intervention.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$7,111,000/FY22-23 and Subsequent Fiscal Years

Increase Local Expenditures – Exceeds \$3,773,700/FY22-23 and Subsequent Fiscal Years

Assumptions:

- Currently, students who do not demonstrate a basic understanding of the curriculum may nonetheless be promoted if they participate in an LEA approved research-based intervention. This provision was effective July 1, 2011. It is assumed that this intervention will take place in the summer between academic years.
- According to the Department of Education (DOE), by eliminating this option, more students will be retained each year.
- It is estimated that the number of students in the third grade in 2011-2012 will be 73,812.
- DOE estimates that 72,129 students would be expected to be promoted under current requirements.
- Previously, DOE has estimated that five percent of those (3,606) that would have been promoted will be retained; and that 50 percent of those (1,803) would have been successfully remediated and 50 percent (1,803) would have remained in their current grade for an additional year.
- The additional 1,803 students (3,606 x 50%) will be additional ADMs in the BEP formula beginning in FY22-23 when students in the third grade, who would otherwise have graduated under current requirements, will be in the 12th grade.
- The BEP formula currently funds \$6,037 per student with \$3,944 in state funding and \$2,093 in local match. The BEP formula in FY22-23 will fund students at a higher per pupil expenditure.
- The increase in state expenditures in FY22-23 and subsequent fiscal years will exceed \$7,111,032 (\$3,944 x 1,803).
- The increase in BEP local expenditures in FY22-23 and subsequent fiscal years will exceed \$3,773,679 (\$2,093 x 1,803).

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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